

**STATEMENT OF BASIS
McMoRan Oil & Gas LLC
Platte Prospect Well
LPDES Permit No. LA0122670
AI No. 146630**

For the Issuance of a LPDES Water Discharge Permit in the Offshore Subcategory of the Oil and Gas Extraction Point Source Category

THE PERMITTEES ARE: **McMoRan Oil & Gas LLC - Platte Prospect Well** involved with the exploration, development, and production of oil and gas within territorial seas locations of the State of Louisiana.

ISSUING OFFICE: Louisiana Department of Environmental Quality (LDEQ)
Office of Environmental Services
Post Office Box 4313
Baton Rouge, Louisiana 70821-4313

PREPARED BY: Gene Jarreau

DATE PREPARED: April 10, 2008

1. PERMIT STATUS

- A. Reason For Permit Action:
First time issuance of a Louisiana Pollutant Discharge Elimination System (LPDES) permit for a 5-year term.
- B. NPDES permit effective date: N/A
NPDES permit expiration date: N/A
EPA has not retained enforcement authority.
- C. LPDES permit: N/A
LPDES permit effective date: N/A
LPDES permit expiration date: N/A
- D. Date Application Received: October 31, 2006

2. FACILITY INFORMATION

- A. FACILITY TYPE/ACTIVITY - Oil and Gas Exploration, Development, and Production Operations

McMoRan Oil & Gas LLC - Platte Prospect Well is an oil and gas exploration, development, and production facility.

- B. FEE RATE

- 1. Fee Rating Facility Type: minor
- 2. Complexity Type: III, BPJ from 20 points to 10 points to be closer to the fee for coverage under the general permit, LAG260000.
- 3. Wastewater Type: III
- 4. SIC Code: 1311

McMoRan Oil & Gas LLC
Draft Permit No. LA0122670
AI No. 146630
Page 2 of 5

C. LOCATIONS - Platte Prospect Well, Vermilion Block 4 Field, 21.7 miles southwest from Forked Island, Vermilion Parish

Latitude: 29° 33' 45"

Longitude: 92° 28' 36"

3. OUTFALL INFORMATION

See Appendix A.

4. RECEIVING WATER

Stream – Gulf of Mexico

Basin and Subsegment – Mermentau River; 050802

Designated Uses -
a. primary contact recreation
b. secondary contact recreation
c. fish and wildlife propagation

5. PROPOSED EFFLUENT LIMITS

See Appendix A.

6. COMPLIANCE HISTORY/COMMENTS

A file review disclosed that only one action has been issued to McMoRan Oil & Gas LLC - Platte Prospect Well. Administrative Order No. WE-AO-06-0393 (issued February 28, 2007) is still in effect.

The application's Section IV – Compliance History listed the following (in Attachment 2):

October 2001 – SL 340 Lighthouse Point – Sanitary waste total residual chlorine content did not meet the minimum requirement on 4 occasions.

August 2002 – SS 296 & VR 196 – Exceeded oil and grease daily maximum limitation.

September 2002 – AO Docket # CWA 06-2002-1325

2003 – VR 160 BJ – Failed to take yearly toxicity sample for produced water.

June 2004 – EI 215 B & VR 160 AJ - Exceeded oil and grease daily maximum limitation.

June 10, 2004 – VR 208 – Hose on Rowan Alaska burst and 0.28 gallons of oil-based mud was released into the Gulf of Mexico.

August 18, 2004 – EI 193 – Valve plugged on trip tank on Rowan Middletown, and 0.01 gallons of oil-based mud overflowed through a 2 inch vent line into the Gulf of Mexico.

December 2005 – Overboard water sample not taken at VR 160 AJ. Only produced 6 days, and due to sporadic production, field personnel were unable to obtain a sample.

EI 193 – LSH on sump did not trip, and 1.5 gallons of crude oil was discharged from the overboard line.

McMoRan Oil & Gas LLC
Draft Permit No. LA0122670
AI No. 146630
Page 3 of 5

Compliance Order and Notice of Potential Penalty No. WE-CN-04-1182 was issued for unauthorized discharge of non-contact cooling water.

Compliance Order No. SC CO-02-052 was issued for failing to perform a site clearance survey within 90 days after plug and abandonment.

7. 303(d)/TMDL WATERBODIES

Subsegment 050802, Big Constance Lake; includes associated water bodies (Estuarine) is not listed on LDEQ's Final 2006 303(d) list as impaired. However, subsegment 050802 was previously listed as impaired for organic enrichment/low dissolved oxygen, nitrate + nitrite as nitrogen, and phosphorus, for which the below TMDL has been developed. The Department of Environmental Quality (DEQ) reserves the right to impose more stringent discharge limitations and/or additional restrictions in the future, to maintain the water quality integrity and the designated uses of the receiving water bodies based upon additional TMDLs and/or water quality studies. The DEQ also reserves the right to modify or revoke and reissue this permit based upon any changes to established TMDLs for this discharge, or to accommodate for pollutant trading provisions in approved TMDL watersheds as necessary to achieve compliance with water quality standards.

The following TMDL has been established for subsegment 050802:

Big Constance Lake and Mermentau Coastal Bays and Gulf Waters DO and Nutrients – May 2, 2002

For organic enrichment/low dissolved oxygen: no load was given to point source dischargers in this TMDL, due to the lack of significant point sources. (For this facility, organic enrichment/low dissolved oxygen, nitrate + nitrite as nitrogen, and phosphorus were not determined to be discharged at levels which would cause, have the reasonable potential to cause, or contribute to an excursion above any present state water quality standard.)

8. ENDANGERED SPECIES

The receiving water body, subsegment 050802 of the Mermentau River Basin is not listed in Section II.2 of the Implementation Strategy as requiring consultation with the U.S. Fish and Wildlife Service (FWS). This strategy was submitted with a letter dated October 24, 2007 from Boggs (FWS) to Brown (LDEQ). Therefore, in accordance with the Memorandum of Understanding between the LDEQ and the FWS, no further informal (Section 7. Endangered Species Act) consultation is required. It was determined that the issuance of the LPDES permit is not likely to have an adverse effect on any endangered or candidate species or the critical habitat. The effluent limitations established in the permit ensure protection of aquatic life and maintenance of the receiving water as aquatic habitat.

9. HISTORIC SITES

The LDEQ did not have to notify the LSHPO of the receipt of this individual permit application, for this proposed facility associated with oil or gas related activities is not planned to be on inland wetlands areas.

McMoRan Oil & Gas LLC
Draft Permit No. LA0122670
AI No. 146630
Page 4 of 5

10. TENTATIVE DETERMINATION

On the basis of preliminary staff review, the Department of Environmental Quality has made a tentative determination to issue a permit for discharges described in the proposed effluent attachment.

11. PUBLIC NOTICES

Upon publication of the public notice, a public comment period shall begin on the date of publication and last for at least 30 days thereafter. During this period, any interested persons may submit written comments on the proposed issuance of LPDES individual permits and may request a public hearing to clarify issues involved. This Office's address is on the first page of the statement of basis. A request for a public hearing shall be in writing and shall state the nature of the issues proposed to be raised in the hearing.

Public notice published in:

The local newspaper of general circulation and

The Office of Environmental Services Public Notice Mailing List.

McMoRan Oil & Gas LLC
Draft Permit No. LA0122670
AI No. 146630
Page 5 of 5

Rationale for McMoRan Oil & Gas LLC, Platte Prospect Well

Outfall locations will vary from site to site. See Appendix A for pollutant type, limitations and monitoring frequencies.

Limits Justification and References

Limits are based upon 40 CFR 435 Subpart A - Territorial Subcategory, Final NPDES General Permit for the Territorial Waters of Louisiana (LAG260000), Louisiana Water Discharge Permit System individual permits, and Best Professional Judgment.

Storm Water Pollution Prevention Plan (SWP3) Requirement

In accordance with LAC 33:IX.2511.C.1.c, the operator must prepare and implement a Storm Water Pollution Prevention Plan (SWPPP) if there has been a release of reportable quantity of oil or hazardous substances in stormwater at this facility since November 16, 1987. A Reportable Quantity spill of oil is defined at 40 CFR 110.3 as discharges of oil that "cause a film or sheen upon or discoloration of the surface of the water". A reportable quantity of a hazardous substance is defined at 40 CFR 117.21 and 40 CFR 302.6 as any person in charge of a vessel or an onshore or an offshore facility shall, as soon as he has knowledge of any discharge of a designated hazardous substance from such vessel or facility in quantities equal to or exceeding in any 24-hour period the reportable quantity determined by this part, immediately notify the appropriate agency.

The SWP3 shall be prepared, implemented, and maintained within 60 calendar days of the effective date of this permit if a discharge of a reportable quantity of oil or a hazardous substance has occurred on or before this date, or within 60 calendar days after the first knowledge of a discharge of a reportable quantity of oil or a hazardous substance. The plan should identify potential sources of stormwater pollution and ensure the implementation of practices to prevent and reduce pollutants in stormwater discharges associated with industrial activity at this facility (see STORMWATER DISCHARGES in Part II of the Draft Permit).